

Apple & Creative Announce Broad Settlement Ending Legal Disputes Between the Companies

CUPERTINO, California and SINGAPORE – August 23, 2006 – Apple® and Creative Technology, Ltd. today announced a broad settlement ending all legal disputes between the two companies. Apple will pay Creative \$100 million for a paid-up license to use Creative's recently awarded patent in all Apple products. Apple can recoup a portion of its payment if Creative is successful in licensing this patent to others. In addition, the companies announced that Creative has joined Apple's "Made for iPod" program and will be announcing their own iPod® accessory products later this year.

"Creative is very fortunate to have been granted this early patent," said Steve Jobs, Apple's CEO. "This settlement resolves all of our differences with Creative, including the five lawsuits currently pending between the companies, and removes the uncertainty and distraction of prolonged litigation."

"We're very pleased to have reached an amicable settlement with Apple and to have opened up significant new opportunities for Creative," said Sim Wong Hoo, chairman and CEO of Creative. "Apple has built a huge ecosystem for its iPod and with our upcoming participation in the Made for iPod program we are very excited about this new market opportunity for our speaker systems, our just-introduced line of earphones and headphones, and our future family of X-Fi audio enhancement products. We expect that the one-time licensing payment of \$100 million will contribute approximately \$.85 of earnings per share to our current quarter, ending September 30, 2006."

About Apple

Apple ignited the personal computer revolution in the 1970s with the Apple II and reinvented the personal computer in the 1980s with the Macintosh. Today, Apple continues to lead the industry in innovation with its award-winning desktop and notebook computers, OS X operating system, and iLife and professional applications. Apple is also spearheading the digital music revolution with its iPod portable music players and iTunes online music store.

About Creative

Creative (NASDAQ: CREAM) is a worldwide leader in digital entertainment products for PC users. Famous for its Sound Blaster sound cards and for launching the multimedia revolution, Creative is now driving digital entertainment on the PC platform with products like its highly acclaimed ZEN™ MP3 players. Creative's innovative hardware, proprietary technology, applications and services leverage the Internet, enabling consumers to experience high-quality digital entertainment -- anytime, anywhere.

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Sony Corp., et al., v. Creative
Technology Ltd., IPR2017-00595

EXHIBIT
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